

K-12 Education Funding: Instructional Support Program

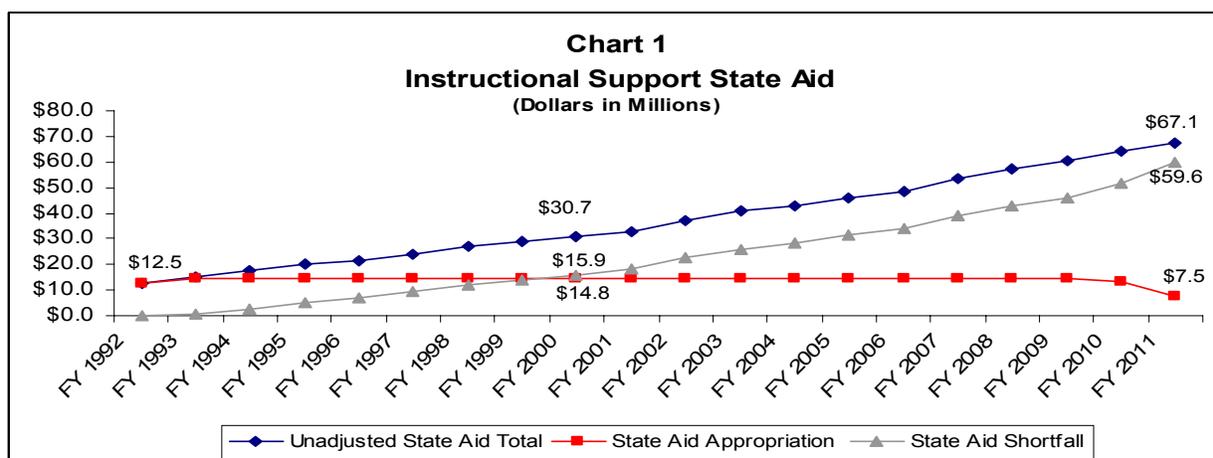
The Instructional Support Program was created during the 1989 Legislative Session with enactment of HF 535 (School and Area Education Agency Financing Act) with implementation of the Program beginning in FY 1992. The Program allows districts to increase their general fund budgets by up to 10.0% of the total regular program district cost. Districts may implement the Program for a five-year duration with local board approval (subject to a reverse referendum) or 10 years with voter approval. Funding for the Program may include:

- Local taxes including property taxes or a combination of property taxes and an income surtax.
- State aid based on an Instructional Support Program funding formula. The formula provided that State aid be distributed equitably so that districts with relatively higher property tax valuations receive less State funding in relation to districts that have relatively lower property tax valuations. However, since FY 1993, the State aid appropriation for the Instructional Support Program has been capped and the State aid portion of the formula has not been fully funded.

Instructional Support State Aid: Annual Appropriation Cap

Chart 1 provides the comparison between the amount of State aid appropriated for the Instructional Support Program and the amount of State aid required to fully fund the State aid portion of the Program. In FY 1992, State aid was fully funded at \$12.5 million for 156 districts (36.7%) participating in the Program. State aid was capped at \$14.8 million beginning in FY 1993. As additional districts participated in the Program (see **Chart 2**) and the State aid appropriation was held constant, the unfunded portion of State aid increased annually from FY 1993 through FY 2011. Information of note from **Charts 1 and 2** include:

- The State aid shortfall first occurred in FY 1993 and totaled approximately \$0.5 million. The State aid shortfall reached \$59.6 million in FY 2011.
- In FY 2010, American Recovery and Reinvestment Act (ARRA) Education Stabilization funds totaling \$13.1 million were used in lieu of State General Fund dollars to fund the State aid portion of the Program.
- In FY 2011, School Infrastructure funds totaling \$7.5 million were used in lieu of State General Fund dollars to fund the State aid portion of the Program.
- The percentage of districts implementing the Instructional Support Program has increased annually, from 36.7% in the initial fiscal year (FY 1992) to 95.0% in FY 2011.

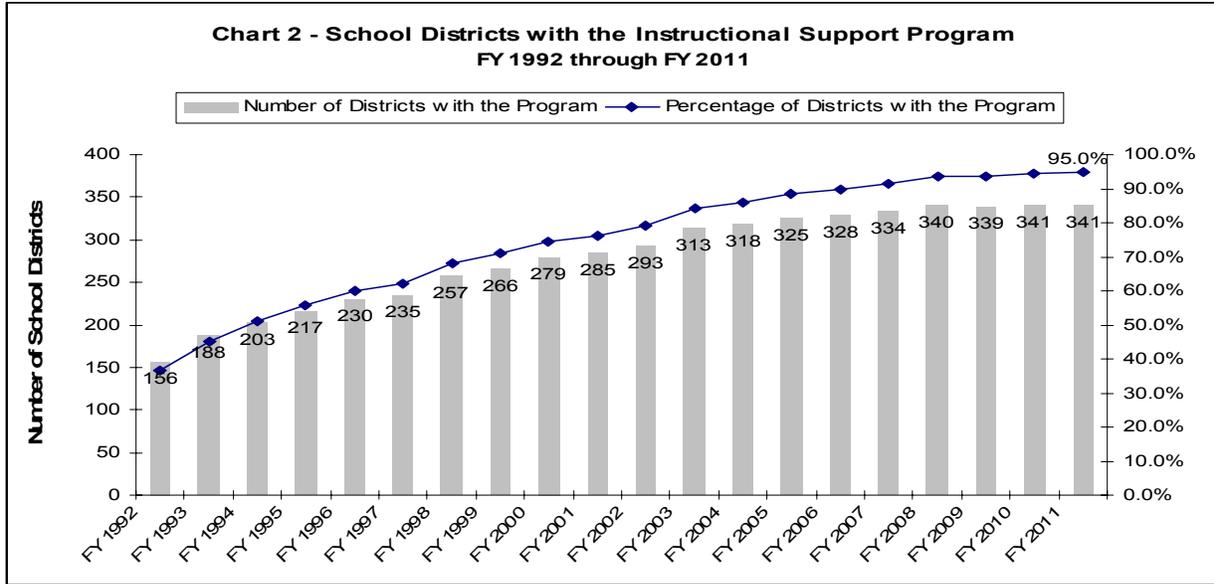


More Information

LSA School Aid Data and Estimates: http://staffweb.legis.state.ia.us/lfb/docs/k-12_ed/k-12_ed.htm

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Instructional Support State Aid: Local Funding

Local funding for the Instructional Support Program provides a majority of the revenue for the Program. **Chart 3** provides information pertaining to the amount of local funding generated for the Instructional Support Program. In FY 2011, school districts will receive a total of \$190.1 million for the Program, including \$182.6 million from local tax revenue and \$7.5 million from State aid. An analysis of information includes:

- The percentage of local funding to the overall total has increased annually, from 73.7% in FY 1992 to 96.1% in FY 2011.
- Income surtax as a revenue source has increased from \$10.6 million in FY 1992 to \$84.3 million in FY 2011. As a percentage of the total local funding source, income surtax has increased from 30.3% in FY 1992 to 46.2% in FY 2011.
- Property tax as a revenue source has increased annually from \$24.4 million in FY 1992 to \$98.3 million in FY 2011. Although the overall amount has increased, the property tax as a percentage of total local funding has decreased from 69.7% in FY 1992 to 53.8% in FY 2011.

